"(B) The Project may be terminated—

"(i) by the State one hundred and eighty days after the State gives notice to the Secretary that it intends to terminate the Project;

"(ii) by the Secretary one hundred and eighty days after the Secretary after notice and an opportunity for a hearing determines that the State materially failed to comply with this section: or

"(iii) whenever the State and the Secretary jointly agree to terminate the Project.

"(15) Not more than six thousand families may participate in the Project simultaneously.

"(c) ADDITIONAL TERMS AND CONDITIONS OP THE PROJECT.—The Project shall be subject to the following additional terms and conditions:

"(1) The State may require any parent in a participating family to participate in education, employment, or training requirements unless the individual is a parent in a family with one parent who—

"(A) is ill, incapacitated, or sixty years of age or older;

"(B) is needed in the home because of the illness or incapacity of another family member;

"(C) is the parent of a child under one year of age and is personally providing care for the child;

"(D) is the parent of a child under six years of age and is employed or participating in education or employment and training services for twenty or more hours a week;

"(E) works thirty or more hours a week or, if the number of hours worked cannot be verified, earns at least the Federal minimum hourly wage rate multiplied by thirty per week; or

"(F) is in the second or third trimester of pregnancy.

"(2) The State shall not require any parent of a child under six years of age in a participating family with only one parent to be employed or participate in education or employment and training services for more than twenty hours a week.

"(3) For any period during which an individual required to participate in education, employment, or training requirements

fails to comply without good cause with a requirement imposed by the

State under paragraph (1), the amount of assistance to the family under the Project may be reduced by an amount not more than 10 percent of the assistance the family would be eligible for with no income other than that from the Project.

"(d) FUNDING.—

"(1) If an application submitted under subsection (a) complies with the requirements specified in subsection (b), then the Secretary shall—

"(A) approve such application; and

"(B) subject to subsection (b)(12), from the funds appropriated under this Act provide grant awards and pay the State each calendar quarter for—

"(i) the cost of food assistance provided under the Project equal to the amount that would have otherwise been issued in the form of coupons under the food stamp program had the Project not been implemented, as estimated under a methodology satisfactory to the Secretary after negotiations with the State; and